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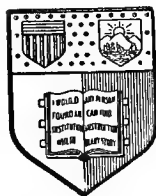
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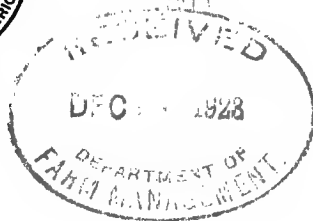
DEPARTMENT OF COMMERCE

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

B. S. CUTLER, Chief

MISCELLANEOUS SERIES—No. 70

THE CONDUCT OF BUSINESS WITH CHINA



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LETTER OF SUBMITTAL.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, January 2, 1919.

*SIR: There is submitted herewith a pamphlet prepared in the far eastern division of this Bureau, which deals primarily with the methods by which business with China, both commercial and financial, is best carried on. This pamphlet is intended to serve as an introduction to a general study of Chinese commercial conditions, which will be covered in considerable detail in the handbook on China that has been prepared by Commercial Attaché Julean Arnold and will be issued during the present year. Economic conditions in that country are in many respects unique, and the American manufacturer or investor who is interested in them is usually confronted with practical difficulties, which have given rise to a large number of inquiries addressed to the Bureau. The selection of material for this publication is largely based on experience with such inquiries. A limited amount of space, however, is devoted to a concise description of the general characteristics of trade and investment in China.

The information, especially with regard to travel conditions, passports, etc., unless distinctly stated otherwise, is based on normal conditions. At the same time efforts have been made to point out changes that have been caused by the war.

Respectfully,

B. S. CUTLER,
Chief of Bureau.

To Hon. WILLIAM C. REDFIELD,
Secretary of Commerce.

THE CONDUCT OF BUSINESS WITH CHINA.

GEOGRAPHIC FEATURES AFFECTING COMMERCE.

For commercial purposes it is convenient to divide China into two great regions, one consisting of the southern and the other of the central and northern parts of the country. The former includes the basin of the West River and the latter the basins of the Yangtze and the Yellow Rivers. These latter two basins form a distinct commercial region, this being due to the fact that they are not separated by high mountains, that the northern section is not well supplied with first-class deep-water ports, and that the Yellow River is not navigable by craft of any considerable size. The Yangtze and the West River Basins, on the other hand, are divided from one another, except along the coast, by rugged highlands.

The southern region in general is mildly tropical and damp, but with many sudden variations due to its geographical situation and its ruggedness. The central or Yangtze Valley is generally subtropical and damp, not unlike our Gulf coast region, but with a rather cold winter. The northern region is temperate, most of it having a short, hot, and rainy summer and a long, cold, dry, and dusty winter. Northern Manchuria has a climate like that of the Canadian border States, but with much less snow. Peking is about in the latitude of Philadelphia; Shanghai in that of Jacksonville, Fla.; and Hongkong in that of Habana. No part of China is extremely unhealthful for the white race, though the climate in the warmer south tends to be debilitating.

PORTS OPEN TO FOREIGN TRADE.

The cities of China that serve as ports of entry for foreign trade were originally designated for that purpose by treaty, and are therefore known as treaty ports. Technically they are also the only places in which foreigners, other than missionaries, can reside without special permission from the Chinese Government. In recent years new ports have been opened voluntarily. There are now 48 treaty ports in addition to several landing places on the West River and a number of places in the frontier Provinces that are open to foreign residence and trade without being ports of entry.

As interior transportation has improved, trade has tended to concentrate at a very few of the treaty ports. During the years 1915 and 1916 an average of 72 per cent of the imports into China entered at Shanghai, Hankow, Tientsin, and a group of ports in the Canton delta, which receive their goods mainly from Hongkong. Forty per cent of the imports came in at Shanghai alone. The principal delta ports are Canton and Kowloon, on the mainland opposite Hongkong.

Dairen and Tsingtau are ports under Japanese control that have been built up artificially and serve mainly Japanese trade, although direct trade between Dairen and the United States, chiefly in beans, was initiated before the war. A number of the treaty ports are important local centers, without having much direct foreign trade, except those in northern China and Manchuria, which have important relations with Japan. Such are Newchwang and Antung, in southern Manchuria; Chefoo, on the Shantung Peninsula; Nanking, Ichang, and Chungking, on the Yangtze; Changsha, on a tributary of the Yangtze; Foochow, Amoy, and Swatow, on the coast between Shanghai and Hongkong; and Wuchow and Nanning, on the West River.

It is important to remember that Hongkong is a British colony. Consequently its trade is not covered in the official publications of the Chinese Government or in others which confine themselves to China proper. On a geographical and economic basis, however, Hongkong is in every respect a part of China and this fact should be remembered especially in consulting statistics of imports and exports.

As previously stated, the direct import trade of China and a large part of the export trade center in Shanghai and Hongkong. The two ports are not to any considerable extent in direct competition, Shanghai serving northern China and Hongkong southern China. On the coast the dividing line between the two regions is about at the city of Foochow, which has been a commercial outpost of Hongkong, but is now becoming more dependent on Shanghai.

CHINESE PRODUCTS EXPORTED TO AMERICA.

American purchases from China consist mainly of raw materials. The characteristic Chinese manufactures, such as silk fabrics, porcelain, matting, and fireworks, though better known to the general public in this country than most of the raw materials, have never constituted a very important part of the total trade. There is now a modern factory industry in China of considerable and growing importance, but this will not fully supply home demands for many years. In recent years exports of tea and silk have become relatively less important, mainly because of a falling off in quality, while increasing requirements for raw materials in the United States have led to the importation from China of many new articles, most important of which are soya beans and oil, peanuts and peanut oil, miscellaneous oils and oil seeds (such as wood, sesamum, rape, and tea), hides and skins, wool, hair, bristles, feathers, straw braid, vegetable tallow, drugs, game, egg products, tin, and antimony.

MARKET OPPORTUNITIES FOR AMERICAN GOODS.

Although a large proportion of the goods bought by China are still of low grade, they are constantly becoming more varied in character. The fact that an article has not yet been sold in China does not mean that there is no opening for it. The most important classes of imports, in the order of their value in 1916, are cotton textiles, cotton yarn, sugar, rice, cigarettes, kerosene oil, railroad supplies, fish and fishery products, partly manufactured iron and steel, paper, coal, leather, matches, medicines, clothing, machinery, dyes, colors and

paints, electrical machinery and supplies, bags, tobacco, glass and glassware, hosiery, miscellaneous chemicals, soap and soap-making materials, nails and rivets, and umbrellas.

The following summary indicates what are probably the best opportunities for American products: (1) In staple manufactures, such as cotton goods, our market is mainly limited to certain of the better grades. (2) In the case of a few raw materials and partly manufactured goods the abundance of American resources gives us a good share under normal conditions; among these are mineral-oil products, iron and steel products and lumber. (3) In a few important lines, notably machinery, the demand for which is rapidly increasing, we have a fair share, which can be made much larger by the right kind of introduction work. (4) In a great variety of specialties, for which the market is more or less limited, but which can be sold in increasing quantities at good profits, American goods have an excellent chance when backed up by proper selling methods.

The relative importance of the commodities in the last two classes should be clearly understood by the American manufacturer. Not only does he have in these his best chance to meet foreign competition under present conditions, but the import trade of China in these commodities is slowly but very perceptibly growing. Americans should be prepared to apply the remark made in a recent special edition of a Hongkong paper: "If we can not now supply China with hosiery, as formerly, we can supply her with the machines to make it; and if a generation hence China is in a position to make hosiery machines, then it may be taken for granted that the country will be so generally developed that she will require an increasing amount of a thousand and one other things."

Many articles in the last-named class are not imported in quantities sufficient to cause mention of them in trade reviews, and the extent of the market can be determined only by experiment or by inquiry on the ground. Recent consular reports, however, indicate the probability of good markets for motor vehicles, canned goods, condensed milk, drugs and medicines, paints, phonographs, toilet supplies, window glass, electrical supplies, office supplies, typewriters, photographic supplies, certain classes of hardware, leather, heating and sanitary apparatus, small marine engines, and knitting, sewing, and mining machinery. This list is in no sense exhaustive.

Owing to its immense population a relatively small per capita demand in China means, in fact, a considerable market for imported goods. The significance of China as a market lies in the potential increase of the purchasing power of its population. Even with its present purchasing power, the population is so great that an article which in China would come within the means of only one-seventh as great a percentage of the people as in South America, would still find the same number of purchasers as in the whole of the latter continent. Despite the undeniable poverty there is a great deal of latent wealth that can be brought out by the right sort of appeal, and there are few important commodities for which a demand can not be created in China with time and proper methods.

Social and economic conditions are so uniform throughout China that there is little variation in the demand for imported goods in

different parts of the country. However, the people of southern China are rather more progressive and have a greater purchasing power, and the climate also affects the nature of the trade.

If a manufacturer produces goods that he wishes to market in China and lacks information as to the likelihood of their finding a sale, he should write to the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C., which will promptly supply him with all the data available in that office, and if further information is necessary, the inquiry will be referred to China under conditions that will insure securing information from authoritative sources in as short a time as possible.

CHINA AS AN INVESTMENT FIELD.

China is a foreign investment field of the first order. Investments are more closely connected with the expansion of purely commercial enterprises in this than in most other countries. For example, there are lines in which Americans can not successfully compete by handling their home-manufactured products, but which it would be profitable to manufacture in China. Most of the demand for railroad and construction supplies and a large part of the demand for machinery develop from the investment of foreign capital, and purchases are usually made from the investing country. The inadvisability of relying upon legal proceedings for collections from Chinese customers also often makes it desirable for importers to assist in financing debtors whose remissness is not the result of dishonesty, and such investments, though unsought, are often profitable.

The prejudice that formerly existed in China against foreign investments as such has disappeared with the selection of enterprises and methods showing consideration for Chinese interests and the exercise of tact in dealing with the people.

Most of the openings for investments in China may be grouped in the following classes:

(1) Large-scale public utilities, usually involving what are popularly known as "concessions." These are chiefly railroads, though canal and river conservancy work, port works, etc., are also taken up. In considering new projects of this class the fact that certain parts of China have been claimed as spheres of influence by European powers and Japan must be borne in mind. These enterprises are usually financed by floating Chinese Government bonds in the countries of the companies which undertake them, the title of ownership to the completed work remaining with the Chinese Government, and actual construction work is carried out by a foreign engineering concern. The bonds are secured by the receipts of the enterprise itself and sometimes also by general tax revenues. The financing company ordinarily receives a commission on expenditures for supplies and sometimes a percentage of the receipts of operation. In the case of railroads, separate operating contracts are often made with the construction concerns. Effective accounting control by the foreign interests is provided for, making a default on the bonds unlikely; in fact, such a thing has been unknown, though there have been some cases of delay. The war has caused the suspension of work on a number of projects of this class, and it is unlikely that more will be financed before the conclusion of peace. There is, however, an oppor-

tunity for investigation and preparatory work in connection with future projects.

(2) Public utilities on a smaller scale, which are becoming more and more numerous in China, and which have not, on the whole, been adversely affected by the war. Except in the foreign concessions and settlements, they are generally financed by private Chinese capital. When foreign capital is interested, the project is usually handled by a local banking house and there is no special bond issue. Chinese provincial governments and municipalities do not issue bonds suitable for foreign investment. In foreign concessions and settlements, investments of this class are usually limited to the nationality in political control.

(3) Development of mineral resources, which involves an immense field for foreign capital, the extent of which is imperfectly known. Existing laws require that half the capital in mining enterprises shall be of Chinese origin, and investment under conditions that permit a safe degree of foreign accounting control is thus quite difficult. There is little probability that these laws will be modified in the near future.

(4) Openings for investment in manufacturing enterprises, which are increasing in number, variety, and financial importance. Most of the foreign capital for such purposes is at present subscribed locally or through the medium of local trading and investment houses. Capitalists contemplating direct investment should make a careful preliminary investigation of the project on the ground. The products of Chinese industries include egg products, canned goods, cement, bricks, chemicals, cotton goods, beverages and aerated waters, wheat flour, furniture, glass and porcelain, ice, iron and steel, leather, matches, vegetable oils, paper, rope, lumber, silk yarn and fabrics, soap, candles, brick and tablet tea, and woolen goods.

(5) The local handling of export and import trade in China, which involves an amount of capital that is often overlooked. The chief reasons for such investment are the heavy fluctuations in exchange and the desirability of making subsidiary investments and financing Chinese customers. New investments in this line should be made only after suitable investigation.

OCEAN SHIPPING ROUTES AND SERVICES.

In normal times goods are shipped from the United States to China from California and Puget Sound ports via the Pacific ocean, or from Atlantic coast ports via the Panama or the Suez Canal. The Suez route is now impracticable, and the route via the Cape of Good Hope is occasionally substituted. A majority of sailings are from New York, San Francisco, and Seattle. The following statement gives the average time that goods are in transit by the principal routes, though the present unsettled conditions make it inadvisable to place too great dependence upon figures of the kind:

New York to Hongkong:	
Via Suez.....	58 days.
Via Pacific.....	46 days.
San Francisco or Seattle to Hongkong.....	40 days.
New York to Shanghai:	
Via Suez.....	62 days.
Via Pacific.....	43 days.
San Francisco or Seattle to Shanghai.....	37 days.

Direct connections with China ports are limited, with occasional exceptions, to Shanghai and Hongkong; and under present conditions it is frequently necessary, in shipping via Japanese lines on the Pacific, to transship at Kobe. In normal times through bills of lading can generally be taken out for any port in China that does an appreciable amount of direct foreign trade.

Shipping conditions are now so unsettled that it would be misleading to include in this publication a list of lines, and still more misleading to give sailing schedules or freight rates. Current information on shipping facilities is available in such publications as the Exporter's Encyclopedia (annual, with monthly corrections). For more specific information, especially with regard to freight rates, inquiry should be made of shipping agents. In any important city such information can always be secured from or through the agents of the transcontinental railroads.

STATUS OF FOREIGN RESIDENTS AND BUSINESS HOUSES.

Foreigners engaged in business can maintain permanent residence and own real property in the treaty ports only. This restriction is fully enforced as to real estate, but not always as to leaseholds. As regards residence and travel there has been some relaxation in practice. Foreigners freely reside in and visit Peking, which is not a treaty port, and the traveling foreign inspectors of the larger trading concerns have really become resident foreign agents in many interior towns.

PASSPORTS AND INTERIOR TRAVEL.

Although passports are not now demanded as a matter of practice on the main rail and steamer routes, the Chinese authorities retain the right to insist on them. American passports are a necessity under war conditions, and even in normal times they should be carried by business travelers who expect to stay in China for some time or to go off the beaten track. Information with regard to American passports can be obtained from the Bureau of Citizenship of the State Department, Washington, D. C. In Hongkong (a British colony) and in the leased territories (see p. 14) there are now, as a rule, drastic regulations with regard to passports, permits to depart, etc., and these are subject to change frequently and at short notice. Travelers intending to visit these places should write a week or two in advance to the local American consulates for information with regard to documents, etc.

EXTRATERRITORIALITY.

All subjects of the treaty powers in China enjoy extraterritoriality—that is, the right of having cases affecting their persons and property tried by judicial officers representing their own Governments. These officers are usually consuls, but Great Britain and the United States have established regular courts to try all important cases. The United States Court for China has its headquarters in Shanghai, but holds regular sessions in three other cities, and may sit, if necessary, in any open port. It applies the Federal statute law. Appeals lie in most cases to the Federal district court of California. Arrests of foreigners

may be made by any police officer, but the accused must be turned over to the custody of his own Government as soon as practicable.

Exterritoriality does not apply to the leased territories or to Hong-kong, where the local courts have sole jurisdiction.

Cases in which the defendants are Chinese go to the Chinese courts. In Shanghai trials in such cases are held in what is commonly known as a "mixed court," in which assessors representing the foreign consuls sit with the Chinese magistrates. Foreigners freely bring cases, especially those of a minor character, before these tribunals. Elsewhere the extent to which consular representatives shall be permitted to take part in the proceedings of Chinese courts when their nationals are bringing suit has been the subject of controversy, but very recently an arrangement has been effected that puts these cases on substantially the same footing as in Shanghai. Many collection cases brought by foreigners have been tried in this manner, especially in Shanghai, and considerable amounts of money have been recovered, but generally foreigners dealing with Chinese business houses should not depend on litigation to enforce their claims.

The right to extraterritoriality has no connection with the treaty ports and is in no way limited to them. Americans residing in China should register at the consulate for the district. Although this is not necessary to secure their legal rights, it is sometimes of advantage and serves as an excellent means of identification in business transactions.

INCORPORATION OF COMPANIES.

China now has corporation laws, but lack of confidence in their administration, combined with the fact that foreign corporations as well as persons enjoy extraterritoriality, tends to dissuade foreigners from organizing under them. The laws themselves do not discriminate against foreigners as such, except in the case of mining enterprises (see p. 11). A foreign corporation can not, of course, own land outside a treaty port, but this has not been a matter of much moment except in the mining and inland shipping industries.

A foreign firm in China proper consequently incorporates under its own national laws, though many British corporations and a considerable number of Chinese are organized under the laws of Hong-kong. There is no United States law of incorporation for China, though the drafting of one is under consideration, and American corporations ordinarily do business under their State charters. These are usually registered at the consulate for the district in which the firms are to do business, although such registration does not affect the legal status of the companies.

Hongkong, as noted above, has its own incorporation laws, which are extensively used for the organization of business to be carried on in other parts of China.

The establishment of large-scale industries within treaty port limits has become difficult in recent years, owing to congestion and the increasing cost of sites. This problem may be solved to some extent by the organization of companies under part Chinese ownership, making it possible to locate outside the treaty ports under special charters or concessions. Most of the Japanese mining concerns in China and a few of other nationalities are organized in this manner. British and American capital, however, has not been inclined to look favorably on such arrangements.

AREAS UNDER FOREIGN POLITICAL CONTROL.

The term "treaty port" itself does not imply any foreign political control, and in a majority of the ports such control is limited to a certain degree of self-government by the permanent foreign residents or of administration by their consuls. There are, however, several classes of civil divisions in China that are under foreign control.

(1) Hongkong may, for convenience, be classed as under foreign control, though it is a British colony and not a part of China politically.

LEASED TERRITORIES.

(2) Leased territories are under the complete control of foreign governments by terms of leases that have many years to run. The leased territories of commercial importance are the Kwantung, or Liaotung, Peninsula in Manchuria, in which Dairen (or Dalny) and Port Arthur are situated; Kiaochow, which is in Shantung Province and contains the former German port of Tsingtau; and Kowloon, which is on the mainland opposite Hongkong and for commercial purposes is a part of the latter. Kowloon is under British control, while the Japanese control Kwantung and Kiaochow. Dairen and Tsingtau are both practically treaty ports, though the former is itself a free port and the latter contains a free zone. The local consumption of imports in these zones is comparatively unimportant, and the regular Chinese customs duties are levied on goods passing through them to the interior. The trade connections of both are almost exclusively Japanese, and neither is of great importance to American interests. The treaty port through which the trade of Tsingtau passes is nominally located at Kiaochow, a small Chinese city about 30 miles distant and outside the leased territory, and the official statistics relating to this trade appear under that head.

RAILWAY AREAS.

(3) Certain areas adjoining the rights of way and including the settlements near the stations of the South Manchuria, the Chinese Eastern, and the Shantung Railways are under the direct political control of foreign countries. The Japanese exercise such control with respect to the South Manchuria and the Shantung Railways, and the Russians have similar control in connection with the Chinese Eastern Railway. These areas include the important commercial sections of the cities of Mukden, Harbin,¹ Changchun, and Antung. The degree of control is ill defined and has given rise to much controversy.

FOREIGN CONCESSIONS.

(4) The foreign concessions are small areas within treaty ports that have been set apart for the residence of foreigners. The term is sometimes loosely given to areas to which it does not strictly apply; but as ordinarily used it includes the French and British areas at Canton; the British, French, Russian, Japanese, and for-

¹ Unsettled conditions have recently led to the resumption of Chinese administrative control in the Russian town of Harbin, and the future of the whole Chinese Eastern Railway area is uncertain.

merly German, at Hankow; the British, French, Russian, Japanese, Italian, Belgian, and formerly German and Austrian, at Tientsin; and a very few others, mainly British, at less important places.

In all of these areas the sovereignty remains with the Chinese Government, which also retains the right to a fixed land tax, usually paid by the ground owners through their consuls. The nature and permanence of the political control exercised by the foreign governments varies with the terms of the treaties by which the concessions were set apart. The local administrations vary widely in character. The British concessions have practically complete municipal self-government, while the others are mainly under consular control.

INTERNATIONAL SETTLEMENTS.

(5) International settlements constitute a small and peculiar class of foreign-controlled areas. They are, for most administrative purposes, self-governed by the permanent foreign owners and occupiers of real estate, but they are under the supervision of the local consular bodies. Such settlements are found at Shanghai and Amoy; the former is much the more important, having been constituted in 1863 by a union of formerly existing British and American reserved areas of a special kind. A French reserved area, which is mainly residential, was originally delimited at the same time, but declined to enter the union, and has since been treated by the French authorities as a separate concession, though this status has never been formally recognized. When the city of Shanghai is referred to in a commercial sense, the International Settlement is invariably meant. British interests predominate in the government of the Settlement, but there is American, Japanese, and Russian representation on the municipal council.

(6) Some of the minor treaty ports not already mentioned have regular reserved areas for foreigners and others do not. At a few, like Chefoo, the foreign residents have for a long time conducted an informal international municipal government. At some of the newer treaty ports special arrangements for a certain degree of foreign self-government were made when they were opened; at others, which were opened by the Chinese Government on its own initiative, Chinese municipal administrations were provided for the reserved areas.

GENERAL CONDITIONS IN FOREIGN-CONTROLLED AREAS.

The various concessions and settlements have had to compete for business by establishing a reputation for good government, public improvements, and reasonable taxation. This tends to a general uniformity of administration, though there are minor inconveniences involved in such matters as the taking out of licenses. Ownership of real estate, especially of the best sites, is sometimes restricted to the nationality in immediate control.

So far as the conduct of commercial business is concerned, the foreign-controlled areas just described comprise the only parts of most of the treaty ports that are of commercial importance. However, the question of the right of foreigners to reside or to do business elsewhere in the ports has arisen in several instances and has caused much controversy. The term "treaty port" is not clearly defined.

Foreign governments, including that of the United States, have generally understood the term to include any part of the native cities named, while the Chinese Government has desired to restrict it to the concessions and other reserved areas.

In Canton, where the reserved areas are small and congested, and in many other places where sites are desired for both residences and industrial plants, the Chinese interpretation is protested against. In Shanghai the Chinese authorities have given tacit consent to the extension of foreign owned or controlled property beyond the reserved areas originally conceded.

TAXES AND CUSTOMS DUTIES.

Aside from customs duties and likin charges and some minor dues collected by the maritime customs to defray the cost of river conservancy, port works, and aids to navigation, the taxation affecting foreigners in China is mainly of two classes:

(1) Local and municipal taxes in Hongkong and the leased territories, concessions, and international settlements. These are too varied to be described in detail. Competition between the various foreign municipal areas prevents their becoming burdensome. The bulk of the local revenues is raised by taxes on real property, owned and occupied; and beyond these there are few imposts of importance, except the usual fees for licenses or for services rendered, and in some cases dues on merchandise.

(2) Taxes imposed by foreign governments, which extend to their nationals resident in China. In the case of Americans these include the Federal income, corporation, partnership, and excess-profits taxes.

The question of payment of Chinese taxes by foreigners does not often arise. The land tax, the principal source of Chinese revenue, is generally imposed in the concessions and international settlements at a rate fixed by treaty, and the owners, or in some cases the lessees, of the land pay it through their consuls. In no case is the rate high. Few other Chinese taxes are applicable to foreigners. Within the last few years a documentary stamp tax has been imposed, amounting to about one-tenth of 1 per cent on the value of negotiable paper, but the payment of this has been successfully refused by foreigners. The status of this question under the treaties, however, is open to discussion, and it is unlikely that foreigners will be permanently exempt from such taxes.

IMPORT AND EXPORT TARIFF.

The Chinese tariff is unique in that it is prescribed as a whole in a joint treaty with the principal foreign powers. This makes it necessary for the Chinese Government to obtain the consent of the signatory powers in order to make any change. The existing system dates from the treaties of Tientsin in 1858, and there has been no complete revision since that time. Unusual conditions have made this system peculiar in several respects.

Duties are levied on exports as well as imports, and nominally at the same rates. The Chinese Government is beginning to recognize that this is not beneficial to trade, but the duties are not high enough to be very burdensome and the need of revenue stands in the way of a change. A few removals and reductions in order to stimulate

certain industries have already been made with the tacit consent of the powers. These articles include tea, straw braid, lace, hair nets, and preserved fruit and ginger.

Duties are levied not only on foreign imports and exports but also, under certain conditions, on goods passing from one treaty port to another. Thus, an article produced in Shanghai and sent to Tientsin must pay both an export and a $2\frac{1}{2}$ per cent ad valorem import duty, the latter under the name of a "coast-trade" duty. An article imported into Shanghai from abroad pays an import duty, but may be exported free at any time within three years and reimported into any other treaty port, or to any wharf on the Yangtze River, without further payment. This involves an extra burden on native goods, which, however, is modified by two things.

First, domestic factory products, including those manufactured with foreign capital, may be sent to any part of the country free from all further taxation upon the payment of what is commonly known as an "excise," equal to the original import duty on foreign goods of the same class. Complicating factors make it hard to compute the degree to which this excise protects manufactured goods of native origin.

NATIVE CUSTOMS AND LIKIN CHARGES.

Second, the system of interport duties is not all-inclusive, as a great volume of domestic trade does not come under the jurisdiction of the maritime customs. All goods transported by steam vessels and what are known as "chartered junks"¹ come under the maritime customs system, while those conveyed by other means, with some special exceptions, are subject to the dues collected by the "native" or "regular" customs and to the likin (internal taxes on goods in transit). Goods under the jurisdiction of the maritime customs escape the native customs charges altogether; and by the payment of transit dues are relieved from the likin.

The importance of the distinction between different means of transportation arises mainly from the fact that railroad freight traffic, except on one or two lines, has not yet been brought under the control of the maritime customs. Foreign goods that for any reason are not protected by a customs "pass" are consequently subject to the native customs charges, or to the likin, or to both, when in transit by rail.

At the gate of Peking, just by the railroad station, there is an additional duty imposed, amounting as a rule to about 3 per cent ad valorem, which is generally known as the "Peking octroi" and which is distinct from both the native customs dues and the likin.

PROHIBITED ARTICLES.

With few exceptions the treaties stipulate unrestricted trade in all classes of goods. Salt is a Government monopoly, and its commercial importation is forbidden. The importation of opium and its de-

¹ "Chartered," in this sense, means registered with the customs, and "junk" means any vessel of Chinese model.

rivatives is also illegal, and importation of firearms and explosives is prohibited without a special permit. Sporting arms and ammunition may be imported under certain restrictions, but explosives for industrial purposes may not. This is a serious handicap on mining and construction work.

RATES OF DUTIES.

In principle, a uniform rate of 5 per cent ad valorem is prescribed for all duties. To simplify the collections, however, the ad valorem duties on the articles that made up the bulk of Chinese trade in 1858 were converted into specific duties on the basis of the prices ruling at that time. The export valuations have never been modified, and the import valuations were changed only once (in 1902), when they were revised on the basis of the average prices for the period 1897-1899.

Changes in prices have resulted in rates quite different from the theoretical level of 5 per cent; but this has led to practical difficulties only in the case of imports. The duties collected on imports in 1917 averaged about $3\frac{1}{2}$ per cent ad valorem, and much-needed revenue has been lost thereby. It is the reform of this condition that is meant when a revision of the Chinese tariff "to an effective 5 per cent" is referred to. Such a revision has been agreed upon, and an international conference has been sitting in Shanghai in 1918 to work it out.

The preliminary work of the conference was difficult on account of differences of opinion as to the years to be selected in determining the new valuations. In order to give the Chinese Government as nearly as possible the full 5 per cent ad valorem guaranteed by treaty, it would be necessary to select the most recent years, during which war prices have ruled; but this would necessitate another revision when prices began to fall after the war. As a compromise the years from 1912 to 1916 have been selected, and the average of the prices ruling for those years determines the new valuations.

In the case of goods for which no valuations are prescribed the c. i. f. invoice value, if the goods have been sold to local purchasers on such terms, is taken as the valuation for customs purposes. If the sale includes the duty and other charges, about 11 per cent is deducted from this price to obtain the customs valuation. If there has been no local sale and any dispute as to the valuation arises, the question is referred to a board of arbitration consisting of a customs officer, a merchant selected by the importer's consul, and a merchant of some other nationality selected by the dean of the local consular body. On account of the system of extraterritoriality, it is not possible for the Chinese customs authorities to enforce their rulings against foreigners by judicial procedure.

The question of assenting to the increase of the Chinese customs duties above 5 per cent has long been discussed, and the United States and Great Britain both gave their consent some 15 years ago to a rate of $12\frac{1}{2}$ per cent, contingent on the abolishment of the "likin." This condition has never been met, though progressive Chinese opinion now generally recognizes the desirability of the reform.

Recently the financial authorities of the Province of Kiangsu (in which Shanghai is situated) are stated to have substituted for the likin a single tax on merchandise; but the details of the new arrangement are obscure, and, until the fiscal system of the country

has been reorganized, there must remain a good deal of doubt as to the practical effects of any such change.

MODIFIED APPLICATION OF DUTIES.

There are certain further modifications in the application of the 5 per cent rate of duty:

(1) Duties on goods coming in over the land frontiers of China are reduced by one-third. This is of commercial importance chiefly in the case of goods (mostly Japanese) entering by rail from Chosen, and to a less extent in the case of goods passing over the Siberian frontier.

(2) In order to avoid complications from the levying of likin charges on goods entering into foreign trade, such goods are exempted from likin charges by the payment of an extra duty of $2\frac{1}{2}$ per cent ad valorem, under the name of the inward and outward transit tax, in the case of imports and exports, respectively. This protects imports until they reach their destination. The privilege is taken advantage of for imports more than for exports, though even in the case of imports the likin is sometimes paid by preference. The transit-pass system has been a great advantage to the foreign trade of China; but it has not prevented many controversies, resulting mainly from attempts of the local authorities to levy what are known as "destination taxes" on foreign goods after arrival at their destination. These taxes are held by foreign nations, including the United States, to be contrary to treaty stipulations, and are always protested, usually with the result of the withdrawal of that particular tax, without prejudicing the alleged right to impose it in other instances.

GENERAL PROCEDURE IN COLLECTION OF DUTIES.

The greater part of the duties that affect the foreign trade of China are collected by the Chinese Maritime Customs, the head and higher officials of which are foreigners.

The berthing of vessels in Chinese ports is under the control of the harbor-master, while the examination of the cargo and the supervision of loading and discharging are handled by the tide surveyor's office. The collection of duties is administered by a general office, with a chief clerk, whose office is known as the "head desk." The various other departments are also referred to as "desks."

Imports are cleared by making out an import application, which is handed in with the bills of lading or delivery order, countersigned by the agents of the importing vessel. The examination ordinarily follows, but it is waived when the invoice and a copy of the original contract can be submitted as proof of the valuation in the case of some goods which have already been sold locally. The import application is then checked with the manifest, and a "duty memo" issued to the importer, who uses it in paying the duties at the Bank of China. The Maritime Customs itself handles no money. When the bank's receipt is returned, the application, stamped with the customs "red seal," is handed to the importer, who may then take delivery of the goods. Cargoes for which clearance has not been applied for at the customs, or on which duties are not paid within 15 days of arrival, must be bonded by the agents or consignees. They may be released at any time by payment of a fee of 10 taels, in addi-

tion to the duties and the wharfrage and conservancy dues, on presentation of an application at the bond office of the customhouse.

TRANSSHIPMENT OF GOODS.

If imported goods are to be reexported, either to a foreign country or from the original port of entry to another treaty port or to the interior of China, a "pass" may be secured. In case of reexportation within three years of importation the pass is exchangeable, after a period of about six months, for a drawback of the import duty. If the goods are to be reshipped to another treaty port the pass must be presented, either at the time of importation or within three years thereafter, in order to secure an "exemption certificate" (known as an "E. C."), which entitles the goods to free entry at the other port. Where the exemption certificate is issued for part of the goods only, the pass is retained by the owner until all have been disposed of or exported, when it is canceled. Passes are made out by the importer on forms sold by the customs and authenticated at the pass office on presentation with the bank receipt for the duty.

Applications to transship are handled in much the same manner as applications to import. Goods from places other than treaty ports, and those from Dairen and Weihaiwei (which are free ports), when transshipped to treaty ports, have to pay import duty or other charges at the latter.

If foreign goods are to be reexported from the original port of entry to places in the interior other than treaty ports, exemption from the likin taxes may be secured by taking out a special form of pass known as an "inward transit pass." This is issued after the transit half duty has been calculated on a "transit duty memo," and a bank receipt presented.

PROVISIONS GOVERNING EXPORT OF CHINESE PRODUCTS.

An application for the exportation of goods must be made in duplicate on a prescribed form and must be accompanied by a shipping order from the agents of the outgoing vessel. As nearly all exports from China are dutiable, an examination is usually required of goods produced within the customs district from which they are exported. The bulk of Chinese exports, however, have previously paid a duty on importation from other treaty ports or from the interior into the port of shipment, and perhaps a coast-trade half duty also, and have received, as a result, a "duty-paid certificate" (known as a "D. P. C."), which exempts them from duty on reexportation. The rest of the procedure is substantially the same as in the case of imports.

For goods manufactured by factory processes in China a "special exemption certificate" is issued, to enable them to take advantage of the so-called excise system (see p. 17). The transit-pass system is in principle applicable to exports; but, as outward transit passes can be secured only when the dealer in the interior is represented in the nearest treaty port, it is much less used than in the case of imports.

Chinese raw materials arriving from the interior frequently have to be repacked at the port of ocean shipment. As they have already paid a local import duty and have been granted a duty-paid certificate, this repacking can only be done on a permit issued by the "head

desk" of the customs and in the presence of an examiner. Full export duty is charged on goods repacked without permission.

At Shanghai conservancy and wharfage dues are imposed on both exports and imports at the rate of 3 and 2 per cent, respectively, on the duties levied (not on the value of the goods). The wharfage dues defray the cost of maintaining port works and aids to navigation and vary somewhat from port to port. Conservancy dues, which are imposed only by special arrangement, are levied at Shanghai, Tientsin, and Newchwang. There are also tonnage dues and special charges for loading and discharging on Sundays and at night; but these, of course, are borne by the ship, and not the owners of the goods.

All customs charges are reckoned in "Haikwan" or "Maritime Customs" taels, which are merely a standard of value used to overcome the effects of the fluctuation of other currency, and actual payments are made (as explained on p. 23) either by check, at a fixed rate of exchange, or by cash in Chinese dollar currency at the current rate. "Haikwan" is merely the Chinese term for Maritime Customs.

SITUATION AT HONGKONG AND IN LEASED TERRITORIES.

The preceding statements, of course, do not apply to Hongkong. As a British colony, it controls its own customs policy, which is one of nearly absolute free trade. Charges bearing on foreign trade are practically limited to import duties on liquors and opium, war consumption taxes on tobacco, and "light" dues on shipping. Most of the Chinese foreign trade handled in Hongkong passes the Chinese customs at Canton or Kowloon, but some goes through Foochow, Amoy, Swatow, Samshui, Kongmoon, Wuchow, and a few other minor ports. Hongkong being an island, the terminus of the railroad from Canton is at Kowloon, and the traffic over this line comes, by an exceptional arrangement, within the jurisdiction of the Maritime Customs and is included in the official Chinese statistics.

Of the leased territories, Dairen, Kowloon, and Weihaiwei are themselves free ports. The exemption from customs duties applies only to imports for local consumption and exports of local origin, however, and all goods passing in and out of the interior are subject to the Chinese duties. Weihaiwei is of no importance in direct foreign trade, but at Dairen and Kowloon there are Chinese custom-houses for the control of this traffic. At Tsingtau there is a free zone, although Tsingtau is not a free port, and a Chinese custom-house is maintained for the control of local imports.

CURRENCY.

The currency problem in China is complicated. There are three principal kinds of currency—the cash, the dollar, and the tael. The first of these hardly enters into foreign trade. The dollar and the tael currencies are both on a strictly silver basis, and from this fact arises the serious problem of Chinese exchange.

DOLLAR CURRENCY.

The dollar currency is the official national circulating medium of China. The basic unit is a silver dollar, adapted from the Mexican dollar, and sums expressed in it are frequently written and spoken of as "Mex." The real Mexican coins are now scarce. The new

dollar is equivalent approximately to 0.644 of a Haikwan, or 0.7174 of a Shanghai, tael. It is becoming more and more the standard coin of the country, though it is still subject to discount in some localities, especially in the south. It is indicated by the same sign (\$) as the United States dollar; and sums in the latter medium are distinguished locally by the letter "G" (gold). Americans must therefore use care in interpreting sums of money appearing in publications printed in China. Several other kinds of silver dollars also have a limited circulation, as in the case of the Hongkong dollar, which is common in southern China and is the official currency unit of Hongkong, having nearly the same weight and fineness as the Chinese dollar. There are also various provincial dollars, which circulate locally and are becoming less common.

The national currency includes silver 20 and 10 cent pieces, and a bronze cent. In practice these fluctuate independently of the dollar of which they are nominally fractions. The Chinese Government issues no paper currency of its own, but the Government-controlled Bank of China and Bank of Communications issue notes, which are not at present freely redeemed in specie and circulate only at heavy discounts. The foreign exchange banks (see p. 24) all issue, in dollar currency, notes which circulate at par in the locality where issued and at a small discount (usually from 2 to 5 per cent) in other parts of China.

The dollar currency is beyond doubt the coming standard of China, though the tael will continue to rule for a long time in commercial transactions. The dollar is now the medium for all cash payments in which foreigners are concerned, for most small personal bank accounts, and to an increasing degree for general retail business. It is used very little in wholesale business and very rarely in export and import business.

THE TAEI.

The tael currency is not a coinage, but a weight of silver of a given fineness. The weight of the Haikwan, or Maritime Customs, tael is approximately the same as the standard tael weight ($1\frac{1}{2}$ ounces avoirdupois). As far as foreigners are concerned, the tael is merely a money of account, like the guinea in Great Britain, and the ratios between the values of the different taels (of which there are said to be nearly 200) are determined by formulas established by custom and in most cases modified by fluctuations in exchange. The ratios between the Haikwan and certain of the other important taels are fixed by convention, the more important being as follows:

100 Haikwan taels	= 101.642335 Kuping or Treasury taels.
Do.	= 105.215 Tientsin taels.
Do.	= 111.4 Shanghai taels.
100 Kuping taels	= 109.6 Shanghai taels.

The ratio of the Haikwan to certain other commercial taels is also fixed from time to time by the customs authorities.

Aside from the Haikwan and Kuping taels (the Chinese land tax being reckoned in Kuping taels), the distinction is mainly geographical, and every important commercial center has its own tael. The values of these local taels fluctuate constantly in relation to each other, and the gold value of all fluctuates in general harmony with that of the dollar currency, the reciprocal exchange value also varying slightly from day to day.

As there are no coined taels, payments in this medium are supposed to be made in silver bullion, or "sycee." This is usually in the form of ingots of a peculiar shape known as "shoes," which weigh about 50 taels apiece. Between foreign individuals and commercial firms, however, tael transactions are all settled either by the use of negotiable paper or by conversion into dollars. While this inconvenience is driving the tael out of use in retail transactions, conservatism, the influence of the great exchange banks, and uncertainty with regard to the purity of much of the circulating silver coinage combine to maintain the tael as the standard commercial currency of the country.

The tael is not used locally in Hongkong as a medium of exchange, and is less dominant in the trade of southern China than in that of the center and the north. The Government of Hongkong, moreover, restricts the circulation of dollar currencies other than its own.

BANKING AND FOREIGN EXCHANGE.

The native Chinese banking system, though efficient within certain limits for financing domestic trade, has practically no connection with actual exports and imports. All financial transactions in foreign trade are handled by the foreign exchange banks, which are few in number. They have their head offices in foreign countries and handle their Chinese business through branches in the different trade centers. The following list gives the names of the principal foreign exchange banks; it does not include one German institution that was recently closed:

International Banking Corporation:

Head office in New York, 55 Wall Street.

Office in San Francisco, 232 Montgomery Street.

Represented in Seattle by Dexter-Horton National Bank; National Bank of Commerce.

Hongkong & Shanghai Banking Corporation:

Office in New York, 36 Wall Street.

Office in San Francisco, 401 Montgomery Street.

Represented in Seattle by Scandinavian-American Bank; Bank of California; Seattle National Bank; Dexter-Horton National Bank.

Chartered Bank of India, Australia and China:

Office in New York, 88 Wall Street.

Represented in San Francisco by the Anglo & London-Paris National Bank.

Represented in Seattle by Bank of California; Seattle National Bank; Scandinavian-American Bank.

Banque de l'Indochine:

Represented in New York by the Guaranty Trust Co., 140 Broadway.

Represented in San Francisco by International Banking Corporation.

Russo-Asiatic Bank:

Represented in New York by the National Bank.

Represented in San Francisco by the Crocker National Bank.

Represented in Seattle by Scandinavian-American Bank; Seattle National Bank.

Banque Belge pour L'Etranger:

Represented in New York by the National City Bank.

Represented in San Francisco by the Anglo & London-Paris National Bank.

Represented in Seattle by Seattle National Bank.

Banque Industrielle de Chine:

Represented in New York by Redmond & Co., 33 Pine Street.

Represented in San Francisco by the Anglo & London-Paris National Bank.

Netherlands Trading Society (Nederlandsche Handelsmaatschappij):

Represented in New York by The Bank of New York, 48 Wall Street.

Represented in San Francisco by the Wells Fargo Nevada National Bank.

Represented in Seattle by Seattle National Bank.

Yokohama Specie Bank :

Office in New York, 120 Broadway.

Office in San Francisco, 415 Sansome Street.

Office in Seattle, Third and Columbia.

Asia Banking Co. :

Office in New York, 66 Liberty Street.

The American-Oriental Banking Corporation, an American institution, established a commercial and savings bank in Shanghai in October, 1917.

Excepting one French institution, in which 30 per cent of the capital is nominally held by the Chinese Government, all of these banks are entirely under foreign control.

Practically all of the foreign-exchange banks are represented in Shanghai, Hongkong, Hankow, and Tientsin, and in other trade centers, according to their importance. Their business is primarily to finance exports and imports and to settle trade and other international balances, the predominating factor in which is the gold and silver exchange. This business is highly specialized and has never yet been successfully undertaken merely as an adjunct of banking business in Europe or in the United States. Several of the banks restrict their activities almost wholly to exchange business, which is regarded as the most profitable line. The most important banks, however, engage extensively in financing commercial and industrial concerns and large-scale public utilities, for which purpose they usually have connections with important contracting and engineering houses. Some of the newer and less conservative institutions—particularly the Japanese, the Russian, and one of the French—undertake more business of a miscellaneous character (such as real-estate mortgages), which is looked on somewhat unfavorably by the others.

AMERICAN BANKING FACILITIES.

There is a general tendency for business in China to go to banks of its own nationality. On this basis the facilities for financing American trade and investments are inadequate; but so far as ordinary commercial transactions are concerned the importance of having American banks in China has probably been overestimated. Most authorities doubt whether new American banking interests would be able to establish themselves if they were to depend on the profits of export and import finance alone. Under normal conditions there is little serious complaint as to facilities for routine transactions, although at the outbreak of the war difficulties arose because some American trade was tied up with German and Austrian banks.

In the matter of financing investments and of special accommodations for firms established in China, American facilities are agreed to be deficient. When no serious question of international competition is involved, American houses have at times received better accommodations from British and French banks than from their own. For handling investments, especially the large class of public utilities and industrial openings which are not important enough to attract the direct attention of great financing concerns in this country, but which offer good chances for profit and for the development of markets for our goods, the lack of American bank representation on a broader basis is a serious handicap.

Relations with the Chinese banking system are maintained through "comprador departments," which actually handle the specie and bullion and take the place of clearing houses.

A small but growing class of Chinese banks operate more or less on foreign lines. Foreigners are beginning to use these banks for local personal business, and before many years they may begin to undertake the financing of foreign trade. This class includes the Government-controlled Bank of China, particularly the branch at Shanghai, and a few others, mainly those in Shanghai and Hongkong. They are often prepared to do business on more favorable terms than the foreign banks, and this inclines many business men to deal with them; but the time is not ripe for commercial concerns not directly represented on the ground to attempt this. The Bank of Canton has an office in San Francisco, now located at 653 Kearney Street, and it is erecting a building at the corner of Montgomery and Sacramento Streets.

FOREIGN EXCHANGE.

The foregoing description of the currency and banking situation should make it plain why foreign exchange is of unique importance in the trade of China; why it tends to make necessary the services of the foreign exporting and importing houses as middlemen (see p. 29); and why forward and covering transactions in exchange play so conspicuous a part in the business of these concerns.

An inherent feature of every purchase of foreign goods for importation into China is an exchange contract between the Chinese buyer, or the foreign importing house acting on his behalf, and a bank in the port of importation, which acts as agent for the bank abroad to which the documents covering the purchase are hypothecated. These contracts are ordinarily arranged by bullion brokers, who receive commissions from the banks and are protected by them in the quotation of rates, so that there is usually no advantage in attempting to deal with the banks direct. If a contract is made for the purchase of goods at a price in gold, the buyer usually elects to pay for them on a straight c. i. f. basis, giving the importing house its profit and paying interest on the draft until it is retired; he selects, as far as possible, the most favorable time for fixing the rate of exchange between silver and gold. When the contract is made at a silver price, however, it is often drawn with the stipulation that the importer is to look after the bank and other charges himself. In such a case the importer's profit and the interest on the draft are included in the purchase price, and the goods are said to be sold on a c. i. f. c. i. basis; that is, "cost, insurance, and freight, plus commission (or more correctly, profit) and interest." (See p. 31.)

Both of these methods are common, and the practice varies with the importance of the transaction and the nature of the goods.

METHODS OF QUOTING EXCHANGE RATES.

Exchange quotations on China may be followed in the daily newspapers of Shanghai and Hongkong, or their weekly editions (see p. 45). Such quotations are not published regularly in this country, and if current rates are desired they must be obtained by application to the banks.

Two forms of quotation are likely to be met with—the tael rate and the dollar rate. The latter is based on the tael rate, which is exclusively used in commercial transactions. The tael rate is expressed as the number of cents (United States currency) which will buy one tael (usually a Shanghai tael, if not otherwise stated); that is, a quotation of $85\frac{1}{2}$ indicates that one tael can be bought for \$0.85125. The dollar, or “Mex.,” rate is expressed as the number of Chinese (“Mexican”) dollars that can be bought with \$100 (or sometimes \$1) United States currency.

The expressions “high” and “low” exchange refer to the tael rate, but are inconsistently applied to the dollar rate, so that a “high” exchange for the Mexican dollar is expressed by a lower number than a “low” exchange on the basis of United States currency. The rate used, of course, affects the conversion of Chinese customs statistics into foreign currencies. The figures published in the Supplements to Commerce Reports (see p. 43) are based on a rate computed by the Director of the Mint in Washington from the average value of silver bullion for the year. The rate given in the reports of the Maritime Customs is based on the average exchange on London. The differences are not important but sometimes confusing.

EFFECT OF EXCHANGE ON COURSE OF TRADE AND INVESTMENT.

In principle, a high exchange rate favors the import trade and the payment of principal and interest on foreign obligations and investments. A low exchange rate, on the other hand, favors exports and the investment of foreign capital to be paid out in China in wages or for the purchase of local products. At present, the high prices for all commodities, combined with the high exchange rate for silver, has the effect of giving Chinese investors, and foreigners whose capital is on a silver basis, an advantage in the establishment of new undertakings over investors of gold capital; because the high prices paid for imported machinery and materials are offset to a greater or less extent by the exchange. On the other hand, conditions are relatively favorable for selling machinery and materials to the organizers of Chinese and other purely local enterprises in China.

Experience has shown that a low exchange rate is more favorable to an active import and export trade, because the power of the Chinese population to purchase foreign goods is largely dependent on the extensive sale of Chinese products. A high exchange rate, which limits exports, therefore indirectly limits imports. Under war conditions, however, a number of other factors have tended to counterbalance the recent high exchange rates, and the trade of China has been on the whole very prosperous.

It must be remembered that every region of China has its local currency, which fluctuates independently of the international exchange. Even when international exchange favors imports into China, the fluctuations in local currency may not encourage the sale of goods in any given district, and vice versa. These complexities play an important part in making the foreign export and import houses a necessary factor in the conduct of business with China.

Artificial measures have recently kept the local foreign exchange in Hongkong at a point below the general level, and this has added further complexity to business in the southern part of China.

WEIGHTS AND MEASURES.

British standards of length, area, and capacity are almost universally employed in the foreign trade of China, though in dealing with other than British houses the metric and Japanese systems are occasionally used. Certain conventional Chinese units of weight are employed for local purposes, even by English speaking merchants. They are:

1 tael	=1 $\frac{1}{2}$ ounces avoirdupois.
1 catty	=16 taels=1 $\frac{1}{2}$ pounds or 21 $\frac{1}{2}$ ounces avoirdupois.
1 picul	=100 catties=133 $\frac{1}{3}$ pounds avoirdupois.
15 piculs	=1 short ton.

For rough reckoning, however, 16 piculs are taken as equivalent to a ton. The Chinese picul is the same as the Straits Settlements picul, but differs slightly from that used in the Dutch East Indies and from some of those used in the Philippines. The Japanese weight of 100 kin (132.277 pounds) is roughly considered as equivalent to the Chinese picul. The tael of weight should not be confused with the currency tael (see p. 22).

Chinese weights are used exclusively in computing customs duties and in commercial transactions other than minor retail matters in which foreigners alone are concerned. The names are Malay, not Chinese, but more or less equivalent weights with Chinese names are used all over the country. Units practically the same as those given above have recently been made the official standards for all China, but they have never been enforced in practice, and the actual local usage varies greatly.

INTERNAL COMMUNICATION.

POSTAL FACILITIES.

The Chinese Post Office is under the direction of foreigners, and, considering the difficulties with which it has to contend, gives very comprehensive and efficient service. There are also foreign post offices in China. Such post offices were formerly necessary because there was no regular Chinese postal system until 1896, but they now serve little purpose, except to give foreign residents in certain ports the benefit of domestic rates in corresponding with their home countries. The British offices, however, now charge Postal Union rates. Most of these foreign offices have been unprofitable, and their discontinuance is only a question of time. The one American post office is in Shanghai, and it is exceptional in having yielded a continuous profit.

Mail addressed to Shanghai from the United States requires only domestic postage, but that addressed to any other part of China requires foreign postage. There is no system of forwarding from the American office in Shanghai. In China, as elsewhere, there is a considerable amount of trouble with short-paid postage on mail from the United States. Too careful attention can not be given to this point.

There is an efficient parcel-post service, of which mail-order houses in this country are coming to make good use.

Hongkong has a distinct postal system.

Addresses on mail for China should be as full as possible and carefully written, though as a rule the delivery of mail addressed in European languages gives little occasion for criticism. Chinese names look much alike to those unaccustomed to them, and the number of surnames is very small; hence care should be taken with spelling. Except in the case of the largest cities, the name of the Province should be added. Otherwise the situation would be as if the post office in this country had to deal with letters addressed "Springfield, U. S. A." Chinese street addresses are complicated and rarely necessary if the addressee is a foreigner. In Hongkong and in all the treaty-port areas under foreign control most of the streets have European names.

All foreign firms in China have Chinese names that are known locally as "hong names." Owing to the peculiarities of the language, it is rarely possible to represent the sound of a foreign name in Chinese characters with any approach to accuracy, and the hong name is usually an arbitrary title, sometimes untranslatable, the selection of which is bound by no rule except that the characters of which it is composed must be "lucky" ones. The hong name of the Grand Hotel des Wagons-Lits, the principal foreign hotel in Peking, means literally "The Six Nations' Eating House." In some cases it may be desirable for American firms to have printed on their envelopes in Chinese the hong name and address of important correspondents in China, outside the more important ports.

The normal mail time between China and the United States is 20 to 30 days and under war conditions frequently longer. Unless special pains are taken to select a mail going by a fast boat it is useless to expect a reply to a letter in less than 65 to 70 days. Moreover, the intervals between return mails and the time necessary to handle correspondence must be taken into consideration. The practice of some American firms that send follow-up letters at the same intervals as required in their domestic correspondence causes irritation and does harm to American trade standing.

TELEGRAPHS AND CABLES.

The Chinese telegraphs are Government owned, and the service is comprehensive and efficient. Domestic messages in European languages are sent for 9 cents Chinese currency per word, including addresses and signatures, between points within the same Province, and for 18 cents between points in different Provinces. Cable messages for China may be sent through any telegraph office in the United States. The commercial rate to the principal China ports is \$1.22 from Atlantic coast points and \$1.10 from those on the Pacific coast. At present there are restrictions on the use of code words, as in all cable correspondence.

EXPRESS SERVICE.

Arrangements in China for express business and forwarding goods to and from the United States have been inadequate, but the recent establishment of offices by large American express companies may be expected to improve matters. Care should be taken in dealing with purely local firms in this line of business.

The American Express Co., representing the Federal Express Co. of the United States (the unified Government express administra-

tion), now has an office at Hongkong and is establishing one at Shanghai. In addition to furnishing the usual financial and traffic service, these offices will act as commercial bankers, furnish trade information, and attend to the details of travel for business or pleasure. Their commercial and financial services include marine and war-risk insurance; reservation of freight space; carting and warehousing; establishment of commercial credits; purchase and collection of drafts on the United States and Europe; cable transfers of funds; and (at Hongkong) ordinary commercial deposit and savings business and loans against warehouse receipts and bank paper. Their trade information service includes the investigation of markets and the furnishing of credit reports.

BUSINESS CONNECTIONS FOR CHINESE TRADE.

Practically all of China's trade with foreign countries is handled in China by foreign importing and exporting houses. While these vary greatly in size they are much alike in their scope and methods. Usually they do both an import and an export business, and the head offices for China are in Shanghai or Hongkong. There are a few firms, thoroughly reputable, but more local in character, with headquarters in Hankow, Tientsin, Canton, and some other cities.

TRADING HOUSES.

Only the largest trading houses have establishments at both Shanghai and Hongkong, and a manufacturer who desires to cover the whole of China must have representation, often with different houses, in both of these places. Unless products are to be marketed through the manufacturer's own organization, it is not usually necessary to have direct representation at any other ports. Nearly all the general importing and exporting houses in other ports that are in a position to do business efficiently are branches of or are otherwise connected with Shanghai and Hongkong firms, and they give or take their orders through those cities. The only important exceptions are the Japanese firms in Dairen and Tsingtau, and they are not adapted to serve American business. The larger Shanghai houses have branches or correspondents at Hankow and Tientsin, and at some of the following cities: Tsingtau, Chefoo, Peking, Dairen, Mukden, Harbin, Foochow, Changsha, Ichang, and Chungking. Dairen and Mukden have been neglected in recent years because of Japanese control of transportation in their vicinity. In South China the trade is comparatively small, and there are no ports of the second class relatively as important as Hankow and Tientsin. Canton is large, but it is too near Hongkong to require a separate organization for most lines of trade. The large Hongkong firms have branches at Amoy, Swatow, Foochow, and Wuchow.

As Hongkong is a British colony, some experienced persons recommend that American importing houses wishing to establish themselves in southern China should locate at Canton. In the latter city, however, the foreign concessions are small and crowded, and it is believed that American firms would do better to secure sites on the "Bund," or water front, which has been greatly improved of late years.

The opportunity for American trade in South China appears to be excellent. The purchasing power of the people is greater here than in other sections, and the many thousands among the well-to-do commercial classes who have lived in the United States and made money are favorably disposed to Americans and to progressive ways.

ESTABLISHED AMERICAN CONNECTIONS.

A large majority of the exporting and importing houses in China have connections in the United States. Some have head offices there, others have branches, while still others are represented by firms with different names but under more or less the same ownership. Some houses appoint exclusive agents in the United States, while others have only correspondents. American firms of this nature established in China usually have offices in New York, San Francisco, or Seattle, some of them having offices in more than one of these cities. Generally when a manufacturer has once established connections with such a house and desires to transact routine business direct with its offices in China, no objection is made. For certain classes of firms in this country there are financial advantages in dealing through the home offices rather than the offices in China (see p. 36). If the head or controlling office of an importing house is located in the United States, communications with regard to its taking an agency would better be addressed directly to the head office. The Bureau of Foreign and Domestic Commerce can furnish lists of such offices. Many exporting houses in China have connections with jobbers in this country and in some cases deal through them exclusively.

The few American houses in China that do not have regular connections in this country rarely have difficulty in making such connections when desired, and for this reason it is not often practicable for export commission houses and export agencies in the United States to secure exclusive connections with American houses already established in China. If such houses wish to enter the direct China trade actively and extensively, they ordinarily must establish their own offices in that country, or (what is less desirable) secure connections with foreign firms. (See p. 33.)

EXPORTING AND IMPORTING METHODS.

Such specialization as there is among the importing and exporting houses in China is confined to the more important export lines, such as tea, silk, wood oil, or hides. In the import trade there is some distinction between the "old line" houses, which handle chiefly the staples like cotton goods, kerosene, sugar, matches, metals, and heavy hardware, and the newer houses, which are more likely to deal in sundries and specialties. Most houses pay special attention to some line or a group of related lines, and it is always advantageous to place an agency for any line with a firm that tends to specialize in that direction.

The data given in this pamphlet are sufficient to indicate the complexities involved in the handling of export and import trade in China, the calls that are likely to arise for liquid capital, and, consequently, the advantage which the larger business house enjoys over the smaller. This leads inevitably to a considerable degree of concentration of business in the hands of the larger firms. At the same

time anything resembling monopoly is very undesirable; and the best solution is for the smaller concerns to strengthen their positions by a higher degree of specialization. If this is done along proper lines, such houses will have advantages for taking agencies which they rarely possess at present.

The typical method of selling through one of these houses involves the following procedure: The Chinese purchaser or wholesaler places an order with the import house, which then makes its own order, or "indent," on the manufacturer, for whom it usually holds an exclusive agency. The contract of sale may stipulate a price in gold or in silver (Chinese currency). If the price is quoted in silver, the import house assumes the bank and other charges and the risks of exchange, covering itself as may be necessary by forward exchange transactions (see p. 25), and reimbursing itself by the profit included in the calculation of the silver selling price. If the price is quoted in gold, the Chinese purchaser normally assumes the charges and risks himself.

Manufacturers' prices and the profits realized are usually treated as confidential. Net prices are seldom accepted, and the complications of the foreign exchange seem to justify this attitude. For the same reason, strict commission business is not the rule, though the word "commission" is not infrequently applied locally to items that are really profits.

While the use of the special indent will probably remain the usual method for buying specialties, high-grade machinery and tools, etc., there is an increasing tendency among import houses to carry stocks of staple lines, accessories and spare parts, etc.; this tendency is strongest, of course, when prices are rising or exchange going down. In that respect, the trade approximates very closely to a jobbing business. This tendency is on the increase, and the merchant who is working against keen competition is advised to carry stock to the fullest extent justified by conditions in his line.

Sundry export products are bought largely on special order or by buyers stationed or traveling in the interior. As most of these products are repacked (see p. 20) or put through preliminary processes of cleaning, drying, disinfecting, or preserving, a certain amount of stock must be carried.

METHODS OF CONDUCTING BUSINESS IN CHINA.

Importing and exporting houses usually conduct their dealings with Chinese concerns through a Chinese "comprador." He is the manager of the Chinese office force of the house and as such usually receives a small salary, which sometimes also serves as a retainer. His relation to the buying and selling varies; sometimes he receives a commission, at other times he resells on a nearly independent basis. When the trade of China was smaller and less varied and when international competition was less keen, the comprador occupied a more independent position. His services relieved the foreign principals of responsibility but inevitably tended to cut down their profits. For this reason there is a strong tendency for the comprador to sink to the position of manager of the Chinese office force, a similar change having occurred years ago in the case of the corresponding system in Japan.

POSITION OF THE COMPRADOR.

Elimination of the comprador's services has naturally gone farthest among the newest and most progressive firms. The principal factor that retards it is the part which the comprador still plays as a credit man. In this capacity he frequently guarantees the native bank drafts paid in for orders, putting up a bond to cover his responsibility. Changes in Chinese methods in the large ports and the increasing tendency of importing houses to employ foreigners who speak Chinese and can maintain friendly relations with the native commercial community are reducing the need for the comprador's services; but he can not be dispensed with entirely until modern accounting methods are adopted more generally by Chinese banks and until more native firms are prepared to deal on a direct and equal basis with foreign houses.

The comprador also has more or less the function of a broker, in securing customers, etc. There is, in addition, a class of native brokers—not strictly compradors—employed by foreign firms. It is probably in this connection that the chief objections to the system have arisen and for this reason that the change just referred to will be most rapid.

Sellers abroad may assume that direct dealing with Chinese houses will largely reduce the cost of doing business, and some may believe that the decreasing importance of the comprador makes such direct dealings more practicable. In the main this is not the case. The comprador is only one of two links between the foreign house abroad and the Chinese purchaser, and his diminishing importance leaves the other link—the foreign house in China—more rather than less essential.

Such a link will continue to be needed for a long time in trade with China because: (1) The complexities of foreign exchange necessitate constant covering and forward transactions, and (2) there are difficulties in dealing at long range with firms doing business only by Chinese methods. Most Chinese merchants have not studied foreign methods or the problem of foreign exchange. They have only begun to adopt proper systems of accounting and to make allowance for depreciation in stock and plant. They are likely to refuse deliveries when exchange has turned against them. The Chinese banking system affords no systematic facilities for accommodations to merchants in difficulties, and no reliance should be placed on making collections by litigation. In many cases the best method of avoiding losses, therefore, is to be prepared to give financial assistance to the debtor, and this can be done safely only through representatives on the ground. Finally, the Chinese are weak on corporation management. There is no effective Government supervision of corporations, and such business—despite important and honorable exceptions—is apt to attract the more adventurous and less responsible of the Chinese commercial classes. Finally, it should be remembered that difficulties likely to arise because of radical differences in the habits and racial traits of the people concerned are more easily adjusted by men on the ground.

DEALING DIRECT WITH CHINESE FIRMS.

For the present direct dealings with Chinese houses are generally to be avoided. There are a few Chinese concerns that should be

excepted from this statement, such as those in southern China, which have been longer in contact with foreign business and are less conservative. Consequently more Chinese firms can be dealt with differently in Hongkong and Canton than in Shanghai. This fact is of importance for American trade, because there is in Hongkong and Canton a deficiency of American importing houses, and it should be considered in connection with the recommendations on page 31 with regard to the establishment of American firms in Canton rather than Hongkong.

One point in the development of Chinese importing firms that is not quite so advantageous to American trade is the fact that they have made more progress in direct purchasing for the local retail business at the great ports than for the wholesale trade, and that they handle the cheaper stock lines, like furnishings and household goods, cheap tools and hardware, glassware, drug sundries, and toilet supplies, rather than the great staples, like machinery, or the more expensive specialties, in which the best demand for American goods is likely to develop. However, the great importing houses are not very well adapted to handle certain specialties, like optical lenses, the market for which is limited and the competition not keen, and sometimes these goods can be sold by direct connections with Chinese concerns.

AMERICAN AGENCIES FOR AMERICAN GOODS.

There is a strong tendency for European importing houses to favor goods produced in their own countries. The general rule in the export trade to China therefore must be "American agencies for American goods." At present European houses that are unable to get supplies from their own countries are ready to turn for the time being to American manufacturers. But despite the fact that a temporary advantage may be gained by doing business through European or Japanese firms, this method is inadvisable in the long run, as such dealings may harm an American house by divulging to foreigners price data, trade methods, and patent or secret processes.

If the requirement of American agencies for American goods is strictly adhered to, the small number of American importing houses in China may cause complications in the handling of technical and competitive lines, especially as there is a tendency for existing firms to undertake more agencies than they can handle properly. The remedy for this lies in an increase in the number of American houses, without duplicating facilities. In view of the practical difficulties in the way of securing trained staffs, etc., a wholly satisfactory solution will probably come only with an increase in the number of Chinese firms qualified to handle foreign trade direct, or with some form of combination for export among manufacturers in the United States.

In the export trade the question of nationality is generally less important, though it may cause complications in abnormal times, as it did at the outbreak of the European war, when a large proportion of the exports from China to the United States were handled by German and Austrian firms. Since that time the machinery for handling this trade under American control has been much extended and improved, and it is unlikely that the problem will again become so acute.

AGENCIES AND DIRECT REPRESENTATION.

Agencies for the sale of foreign goods in China rarely cover the whole country. Separate agencies are needed at Shanghai for the central and northern fields and at Hongkong for the southern field. Representation in other trade centers is usually left to the discretion of the agent in Shanghai or Hongkong, to be managed through his own branches or through subagencies with local firms; but it is sometimes advisable to have a separate agency in Tientsin, and perhaps also in one of the Manchurian cities. The only satisfactory alternative to agencies is the establishment of the firm's own organization on the ground, but this involves so great an initial expense that it is impracticable at the outset for any but the largest concerns.

As American trade is hampered by the comparatively small number of American houses prepared to take agencies and by the fact that a large proportion of our business is in technical lines and specialties, a combination of agencies and direct representation may prove desirable. It is possible, of course, to start out with sales by agencies, with a view to direct representation later. The change to direct representation should always be made with proper regard for the interests of the agent, as in a number of cases the reputation of American business has been hurt by abrupt withdrawal of an agency built up, after great effort, by a foreign house. In this connection the statement on page 36 with regard to dealing direct or through offices of China firms in this country should be noted.

The best arrangement, particularly in the case of specialties and of lines in which technical knowledge is an important factor, is probably a combination of an active agency with one or more special representatives under the direct control of the exporter to look after the technical, introduction, and advertising work, and, within certain limits, to solicit and take orders. Such representatives have to be well paid, and they should be selected with more regard to general personality and education than has sometimes been the practice with American firms. It is highly desirable that they be given opportunity and encouragement to learn to speak Chinese; and a house desiring to establish itself permanently and extensively in China is well advised to give competent young men an opportunity for training in the language and local practices. Immediate returns from such expenditure can not be expected.

ORGANIZATION OF BRANCH OFFICES.

A single special representative will cover his field (northern or southern China, but preferably not both) by visiting at least once a year the principal trade centers in which connections have been established. The extent to which he should solicit and take orders or undertake the establishment of new connections will be greatest where the goods are highly specialized and where the purchasers are few in number and do business on a considerable scale. The social element is important in work of this kind, and the representative needs keen intelligence and initiative and interest in the country and people. In some instances there is need for specialized technical and advertising knowledge, but the general qualifications just mentioned never come amiss. Traveling representatives must be careful to comply with

the laws and regulations regarding passports, etc. They are not subject to special taxation except for minor municipal dues in some foreign concessions and leased territories.

Another combination utilizes the services of the representative of the manufacturer and also of the general trading house. In this case the representative or salesman secures and books all orders, which, however, are not accepted by the manufacturer until they have been confirmed by an exporting house in the United States with local connections. The confirmation is designed in part to guarantee the account, thus taking the responsibility for the financial soundness of the customers off the shoulders of the salesman—who may not be a credit man—and putting it on an organization that has special facilities for securing the necessary information. The part played by the exporting house in such a transaction depends upon the extent to which it is expected to undertake the actual financing of the shipment, and the commission charged varies with this and the other factors involved. The commission is most often not more than 1 per cent, but may be as high as 2 or 3 per cent.

If a branch office is established, the responsible representatives should be Americans. American houses have gone further than those of other nationalities in employing qualified Chinese for comparatively high positions, but only a small number of such men are available. The employment of Europeans and Japanese for responsible positions in American firms is to be deprecated and has often done harm to our national interests. In Shanghai and Hongkong routine clerical positions are largely filled by the local Portuguese, who, however, all know English. Elsewhere, Americans in training for promotion must be employed for the upper grades of clerical work and Chinese for the lower. Efficient Chinese labor of this class is not abundant, but can be more easily obtained now than formerly.

Manufacturers and exporters in foreign countries seldom come into contact with retail trade in China, though some of the retail houses in the large ports (especially those catering to the foreign communities and a very few large Chinese department stores) import their own stocks direct and handle agency business as well. For this reason a description of retail business organizations and methods is not considered necessary.

SUGGESTIONS FOR AMERICAN EXPORTERS.

The need of better banking facilities and of more liberal selling terms in dealing with China is an old story in this country. The latter factor, it is true, has been somewhat exaggerated, as results hardly justify the very long credits that traders of certain nationalities are supposed to have allowed. However, demands for cash against order and for payment for samples, or similar extreme precautions, will not advance American trade. Chinese houses with which it is safe to deal at all, and American concerns in China that are in good standing but are not well known or directly represented in this country, will be found ready to furnish suitable references through the foreign-exchange banks and, when necessary, to arrange for confirmed credits. These, however, are sometimes demanded when they are not necessary.

CREDITS AND CREDIT TERMS.

Reputable American houses in China under normal conditions expect to make payment on direct orders for goods at 60 days' sight when shipments are made via the Pacific, at 90 days when via the Panama Canal, and at 120 days when via Suez. War conditions, however, have made shipments via Suez generally impracticable, and longer terms are now expected on trans-Pacific shipments on account of the congestion of the transcontinental freight service. In discounting an open draft (that is, where no confirmed credit has been established) a bank in this country will usually add 60 days' interest time (30 days each way) to cover the transmission of the draft and remittance, thus discounting a 90-day draft on a five months' basis. Drafts on China are handled by any banking house in this country having connections for foreign exchange business.

Manufacturers who desire to trade with China on only a small scale, or who are taking up Oriental business for the first time, frequently desire connections that will permit a quicker turnover. In such cases it is advisable to deal through the offices or representatives of China importing houses in this country (see p. 30), as they are usually prepared to make immediate payment and to carry the goods themselves for the necessary periods. While rates for this business will obviously be less favorable than where the dealings are direct, there is no tying up of funds. Many firms in this country are willing to handle export orders on this basis, so far as procedure at this end is concerned, but preference should be given to those that have direct and permanent (preferably American) connections in China, particularly where specialties or newly introduced lines are concerned.

Exports from China are usually financed by the exporting house, which draws on the purchaser (who must, as a rule, have established a credit with them) at 60 days for shipments via the Pacific or 90 days for those coming via Panama.

There are no regular credit agencies in China except the recently established service of a large express company, and credit information is usually secured from the foreign exchange banks, which prefer that requests come through their banking connections in this country. The services rendered by the comprador, as a local Chinese credit man, are described on page 32.

PACKING.

Most American packing for China is as good as that of other exporting countries. However, this year the first shipment of American gloves to Peking was largely ruined by sea water because they were shipped only in the pasteboard boxes in which they were to be displayed on the shelf. Recently a shipment of photographic goods from a house long experienced in the export trade was badly damaged because a minute hole in the tin case in which they were sealed was overlooked. Shortages in the parts of knockdown machinery, etc., have also been the cause of complaints against American exporters.

The conditions governing packing for the Chinese trade are not unusually difficult. Until imported goods, except a few lines like mining machinery, arrive at the point where it is necessary to break

up the original packing, transportation is almost entirely by rail or steamer. It is sufficient, therefore, to follow general instructions with regard to satisfactory packing for export and to comply carefully with any special instructions from the agent or purchaser.

PRICE QUOTATIONS.

The general rule that a c. i. f. quotation gets more foreign business than one made f. o. b. holds true with regard to China, but war conditions have made some modification necessary. Under present shipping conditions a firm c. i. f. price is practically impossible; consequently quotations in catalogues, circulars, and correspondence, which will take at least 30 days to reach China, may as well be made f. o. b. port of shipment. Quotations f. o. b. cars or factory are as undesirable as ever.

Quotations f. o. b. should invariably be accompanied by data regarding the weights and dimensions of the goods when packed for ocean shipment. American manufacturers fail on this point more frequently perhaps than on any other point relating to export trade. The office of the commercial attaché at Peking reported not long ago that out of approximately 100 letters it had received only one gave this essential information. Such letters, when received in China, can not be referred to importing houses that might become agents, as the communications would not be given serious consideration. The very best that can be expected is that they will be referred back for the necessary data on shipping dimensions, which will mean a delay of at least three months.

Cable quotations should be made c. i. f. even under war conditions. The necessary information with regard to freight rates can be obtained without serious difficulty from the steamship companies at ports or from the principal inland offices of the transcontinental railroads. The chief thing to be borne in mind is that at present such quotations must be checked oftener and with more care than is necessary in normal times.

LANGUAGE.

Practically all commercial correspondence with China may be in English. It is impracticable to make use of Chinese in this country, and the few Chinese firms in a position to handle foreign trade direct are prepared to use English.

COMMERCIAL ORGANIZATIONS.

Trade in China is not yet adequately served in the matter of American commercial organizations, though there has been a material improvement in the last three years. American chambers of commerce have been formed in Shanghai and Tientsin, and, as far as their facilities permit, maintain general trade-information services. Inquiries may be directed to the secretary of the organization; no street address is necessary.

INTRODUCTION OF NEW GOODS.

Methods of introducing new lines in China are of importance in American trade because the demand most capable of development calls for special rather than staple goods. Experience in recent

years has shown that with proper methods new markets can be created in China for unfamiliar goods. For the more expensive and highly specialized articles the sale will be limited, yet even such goods may be found in unexpected places. China is perhaps the last country where a market would be expected for automatic stoking apparatus, for example, yet sales in this line have been made.

The development of American trade in new lines is handicapped by the reluctance of some American manufacturers to take foreign orders simply because they are small. The introduction of specialties in an Oriental country, and especially in China, must start from small beginnings. If the manufacturer waits for a large order he may never receive it.

Success with new lines means intensive work on the ground. Attempts to sell by catalogue have even less chance in China than elsewhere, owing to the extreme differences between the languages and the mental outlook of the seller and the buyer. The commercial attaché at Peking and the American consulates in China maintain libraries of catalogues in their offices, and are always glad to receive new ones. Manufacturers can well afford to contribute catalogues to these collections, because of the general publicity thus secured for their names and goods; but they should not expect that this will lead to many actual sales. One or two American manufacturers have issued catalogues in Chinese, but it is extremely difficult to do this unless there is a branch office established in China, to supervise the translation and publication, and the advantage is rarely great enough to justify the expense.

Introduction methods most likely to bring success include the maintenance of personal touch with prospective customers, the liberal use of samples, the employment of demonstrations, assistance in the establishment of related trades and industries, and advertising. In developing any of these, the services of representatives on the ground working in harmony with an importing firm are desirable. In any case, the special expenses involved—for example, in advertising—will fall upon the manufacturer. Importing houses will do a limited amount of introductory work, but it will be in the expectation of an unusual profit, which will naturally go into their own pockets. As a rule, if the work of introduction is to be well done, the producer must follow it up himself.

The Chinese business man likes to be "shown," and, because of his unfamiliarity with occidental life, a mere verbal description does not appeal to him. The liberal use of samples is therefore urged. Generally they should be placed in the hands of an agent and be distributed at his discretion. There is no general provision for their importation free of duty. The inspector general of the Maritime Customs may admit samples duty free at his discretion. The American idea of demonstrating goods, especially machinery, is liked by the Chinese and is capable of great expansion.

Other things being equal, the firm that is in a position to accommodate its customers in a comprehensive way will succeed best in selling to the Chinese. With the exception of a few of the most favorably situated and progressive concerns, Chinese business firms are relatively unfamiliar with modern commercial and industrial methods and facilities, and competent technical assistance is scarce.

A Chinese customer buying flour-mill machinery, for example, will give an order by preference to the house that is prepared to quote, not merely on a self-contained mill but on power plant as well, and to undertake through its agents to erect the buildings and the machinery and to put the whole plant in working order. The active general importing houses go far toward meeting this demand, but the more the manufacturer is prepared to cooperate in so doing the better his prospects will be.

ENCOURAGEMENT OF INDUSTRIES TO CREATE MARKETS.

The encouragement of industries to create a demand is a form of introduction work that has proved very effective in special cases. A concern exporting petroleum products to China, for example, imported machinery for making candles and gave other assistance to local candle manufacturers, thus contributing to the permanent demand for its paraffin and stearin as raw materials. A lumber importing house had as one of its customers a Chinese cooperage concern which became involved in financial difficulties. It gave the Chinese house financial assistance, enabled it to extend its business, and thereby enlarged the market for American staves and shooks. These illustrations suggest the character of the opportunities that are offered; general rules for handling them are obviously impracticable.

ADVERTISING.

The possibilities of advertising in China have been realized only recently. The fact that the proportion of illiterates is large has obscured the fact that conditions in China make pictorial advertising particularly effective. Of the three principal forms of advertising—newspaper, handbill, and poster—the first is of less importance in China than in this country, but the last two have equal or even greater value.

Advertising in Chinese newspapers is rapidly becoming more important and reaches a far greater number of persons than is indicated by the circulation figures of the newspapers. There are only about 50 Chinese newspapers of standing or importance, and the average circulation is not over 3,000, though in exceptional cases it may run up to 25,000 or 30,000. A single copy, however, may change hands as many as 10 times. It is stated that an advertisement equivalent to about a quarter of a page in an ordinary American daily costs on an average from \$5 to \$18 for insertion in a Chinese newspaper daily for one month. To this must be added a fee to an advertising agency and charges for translation and for the electrotype. Advertising in the foreign-language press (mostly English) should form part of any thorough publicity campaign. The market offered by the foreign community itself is restricted; but the foreign press reaches the English-speaking Chinese, and in this manner currents of advertising are set flowing which ultimately cover large areas.

Handbill advertising reaches a large number of people who can not read or afford to buy newspapers. Handbills have long been a familiar form of publicity to the Chinese, and they are perhaps more effective in China than in this country, because the public is not so surfeited with reading matter. Poster advertising is the most widely used, and under present conditions the most effective form of adver-

tising in China. It is not restricted by taxation or special legislation. Illustrated handbills and posters, especially those in colors, bring the best results. It makes little difference if the drawing is crude, provided the idea meets Chinese notions of propriety. A certain amount of text is desirable, for, owing to the peculiar character of Chinese writing, there are innumerable grades of literacy, and many who can not read a newspaper can read a few selected characters on a poster.

The details of preparing advertising matter for China, especially translation work, should be left to persons on the ground. The structure of the language, the association of ideas, and the conceptions of what is ridiculous and what is fitting, differ so widely from our views that advertising matter which ignored them would run grave risks of doing the merchandise more harm than good. There are now translating and advertising agencies in Shanghai that undertake work of this kind; but this is a field that is easily exploited by the incompetent, and such concerns should be employed only after investigation and under proper supervision. Even the drawings and cuts can be made more satisfactorily and cheaply in China.

Advertising in China is important in creating an immediate demand for the goods, but perhaps more important in familiarizing the public with the advertiser's brand. The trade-mark, or "chop," is all important to the Chinese. An illiterate laborer, on buying a package of cigarettes, may be seen to cross the street to compare the trade-mark with the picture on a billboard with which he had become familiar. This situation has an important bearing on the importance of protecting trade-marks, discussed in the next section. Simple pictures are best for such "chops," since pictures are harder to imitate or infringe than bits of text. The more familiar Chinese characters in various combinations are also widely used. Many foreigners in China who make no pretense of reading the language can write offhand the characters forming the name of a widely-sold Japanese patent medicine, because of its persistent use in billboard advertising.

PATENTS AND TRADE-MARKS.

The value of trade-marks in China is very great. The situation regarding both patents and trade-marks, however, is confused and unsatisfactory, as there are no adequate Chinese laws on either subject. Important as trade-marks, or "chops," are in Chinese domestic trade, they are protected only by customary law. There are no systematic arrangements for granting patents, and Chinese patents are seldom sought by foreigners. The system of extraterritoriality extends the protection of American law to China as far as infringement by Americans is concerned, but in other cases the situation is complicated.

The danger of infringement of patents by Chinese is small, but in the case of trade-marks it is great. If infringement occurs, the only recourse is a protest through diplomatic channels, and those protests will ordinarily be taken up by the Chinese Government as a matter of equity. Of late this method has been fairly effective, but the process is slow, and the same infringements keep cropping up anew. A wholly satisfactory solution is not yet in sight.

If the infringer is a foreigner there is no recourse unless the owner of a patent or trade-mark has had it registered or otherwise protected in accordance with the laws of the offender's country, and has thus gained a status that permits him to sue in the consular courts of that country. This precaution of registration should always be taken. Its efficacy in preventing infringement varies with the merits and conditions of each particular case. The Bureau of Foreign and Domestic Commerce is prepared to furnish information with regard to the mode of such registration in foreign countries. In practice, patented processes and devices are protected more by secrecy than by any legal means.

The promulgation of satisfactory regulations, sanctioned by treaty, for the registration of trade-marks in China has long been under discussion. The main difficulty lies in a controversy in which the United States and Great Britain stand on one side, and the Continental Powers and Japan on the other. The former desire to establish the principle of priority of use; the latter that of priority of registration.

Hongkong has distinct patent and trade-mark legislation, and the Japanese laws on the subject are applied in practice in the leased territories of Kwantung and Kiaochow.

GOVERNMENT ASSISTANCE TO AMERICAN TRADE.

Trade-promotion work of the United States Government is centered in the Bureau of Foreign and Domestic Commerce, which maintains a staff of commercial attachés and field agents and also receives and publishes the commercial reports made by consular officers, who are under the jurisdiction of the State Department.

The commercial attaché to China, who is appointed by and is under the direction of the Secretary of Commerce and is accredited through the State Department, has his office at the American Legation in Peking. The function of the commercial attaché is to investigate and report on financial, industrial, and commercial conditions in China. His field, unlike that of the consuls, covers all of China. The commercial attaché is our trade adviser abroad and in this capacity largely confines his attention to fundamental industrial and economic developments affecting China's foreign trade. His reports are sent direct to the Bureau of Foreign and Domestic Commerce; and, therefore, business men and investors in the United States should consult the Bureau before communicating direct with the commercial attaché.

The Bureau also sends to the Far East expert agents to investigate particular lines of commerce or industry. The principal lines covered in recent years have been canned goods, cotton goods, lumber, railroad supplies, boots, shoes and leather, motor vehicles, electrical machinery and appliances, and mineral resources.

There are 17 consulates general and consulates in China (including Hongkong). The consulates general are located in Shanghai, Hongkong, Canton, Hankow, Tientsin, and Mukden; the consulates at Harbin, Antung, Dairen (Japanese leased territory), Chefoo, Tsingtau, Nanking, Changsha, Foochow, Amoy, Chungking, and Swatow.

The commercial attaché and the consuls are in China for the benefit of American manufacturers, merchants, and investors. Their function is generally to collect and report information; they can not be expected to place agencies, obtain orders, sell goods, or in any way act as agents for individual concerns. Apart from this, their services are at the disposal of American firms up to the limit of their time and office facilities.

The Bureau of Foreign and Domestic Commerce has seven district offices in the chief commercial cities, as follows:

New York, 734 Customhouse.
Boston, 1801 Customhouse.
Chicago, 504 Federal Building.
St. Louis, 402 Third National Bank Building.
New Orleans, 1020 Hibernia Bank Building.
San Francisco, 307 Customhouse.
Seattle, 848 Henry Building.

By arrangement with chambers of commerce cooperative offices are also maintained in—

Cleveland: Chamber of Commerce.
Cincinnati: Chamber of Commerce.
Los Angeles: Chamber of Commerce.
Philadelphia: Chamber of Commerce.
Portland, Oreg.: Chamber of Commerce.
Dayton: Greater Dayton Association.

The district and cooperative offices are equipped to perform many of the services rendered by the Bureau in Washington and keep stocks of the Bureau's publications. Business men will often find it advantageous to consult these offices before communicating with the Bureau at Washington.

The Bureau of Foreign and Domestic Commerce strongly recommends that all inquiries be directed in the first instance either to the Bureau direct or to one of its offices in the United States. The commercial and financial information available in its files is large and increasing, and a preliminary inquiry will in many cases save writing to a number of consulates with a wait of from one to three months for replies. If the Bureau is unable to supply adequate information from its files it will refer the inquiry to the commercial attaché or will recommend specific consulates with which to communicate.

The practice of writing simultaneously to the commercial attaché and all the consulates in China, without consulting the Bureau, usually involves a waste of labor and postage. In case an extended investigation is desired the Bureau will assist in preparing a questionnaire to be submitted to the consular officers through the State Department.

SOURCES OF INFORMATION.

Published information on commercial, industrial, and financial conditions in China is extensive but scattered. Publications that are usually accessible in this country are briefly described below.

PUBLICATIONS OF BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

The publications of the Bureau of Foreign and Domestic Commerce may be secured direct from the Bureau or its district and

cooperative offices, at nominal prices, and may also be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C. These publications include:

1. Commerce Reports: A daily journal containing articles submitted by consular officers, commercial attachés, and commercial agents of the Department of Commerce, as well as trade information from other sources. The subscription price is \$2.50 per annum. The annual reports of consular officers are issued as supplements to Commerce Reports and are sent free to all subscribers. They contain general information on commercial, industrial, and financial conditions.

2. Bulletins on special subjects: These comprise the Special Agents Series, Special Consular Reports, Tariff Series, and Miscellaneous Series. These monographs appear at irregular intervals and are sold at nominal prices. Announcement of their publication appears in Commerce Reports. A catalogue containing a brief description of each bulletin may be obtained from the Bureau or its district and cooperative offices.

The monographs containing material relating to China include:

Special Agents Series:

- No. 86. Cotton Goods in Japan and their Competition on the Manchurian Market (1914, 30 cents).
- No. 92. Canned Goods in the Far East (1915, 10 cents).
- No. 99. Cottonseed Industry in Foreign Countries (1915, 10 cents).
- No. 104. China and Indo-China Markets for American Lumber (1915, 5 cents).
- No. 107. Cotton Goods in China (1916, 25 cents).
- No. 170. Motor Vehicles in Japan, China, and Hawaii (1918, 15 cents).

Special Consular Series:

- No. 45. Cordage and Twine in Foreign Countries (1911, 5 cents).
- No. 46. Optical Goods Trade in Foreign Countries (1911, 10 cents).
- No. 48. Railway Situation in China (1911, 5 cents).
- No. 51. Foreign Trade in Denatured Alcohol (1912, 5 cents).
- No. 52. Foreign Salt Market and Industry (1912, 10 cents).
- No. 53. Foreign Markets for Motor Vehicles (1912, 10 cents).
- No. 54. Foreign Trade in Canned Goods (1912, 15 cents).
- No. 55. Foreign Trade in Musical Instruments (1912, 10 cents).
- No. 56. Foreign Trade in Paints and Varnishes (1912, 10 cents).
- No. 59. Development of the Motor Vehicle Trade Abroad (1913, 5 cents).
- No. 60. Foreign Markets for Railway Supplies and Equipment (1913, 25 cents).
- No. 62. Markets for American Fruits (1914, 10 cents).
- No. 63. Cooking and Heating Stoves in Foreign Countries (1914, 10 cents).
- No. 73. Paper and Stationery Trade of the World (1915, 50 cents).
- No. 74. Japanese Cotton Goods Industry and Trade (1915, 5 cents).
- No. 75. Foreign Trade in Buttons (1916, 20 cents).
- No. 76. Proprietary Medicine and Ointment Trade in China (1916, 5 cents).

Tariff Series:

- No. 29. Foreign Import Duties on Office Appliances (1914, 5 cents).
- No. 30. Foreign Import Duties on Motor Vehicles and Accessories (1914, with supplement 1917; original work, 10 cents; supplement, 5 cents).

Miscellaneous Series:

- No. 10. Foreign Publications for Advertising American Goods (1913, 25 cents).
- No. 44. Trans-Pacific Shipping (1916, 5 cents).
- No. 50. Far Eastern Markets for American Hardware (1917, 25 cents).

There are now in course of preparation further monographs on the market in China for boots, shoes, and leather; railway supplies and equipment; and electrical appliances and machinery.

3. Statistical publications. These include: Monthly Summary of Foreign Commerce of the United States; Imports Entered for Con-

sumption (quarterly); Commerce and Navigation (annual); Trade of the United States with the World (biennial); Statistical Abstract (annual).

PUBLICATIONS OF THE CHINESE GOVERNMENT.

The only publications of the Chinese Government containing much trade information are those issued by the Maritime Customs. The others appearing regularly in English are the annual reports of the Post Office, the Bank of China, and the Government railroads. There is a report of a census of agriculture and industries published in Chinese, of which the Bureau of Foreign and Domestic Commerce has a partial translation in manuscript. The publications of the Chinese Maritime Customs are sold in the United States through G. E. Stechert & Co., 151 West Twenty-fifth Street, New York City. They include:

- (1) Daily returns of the trade of Shanghai.
- (2) Quarterly returns of the trade of China.
- (3) Annual Reports and Returns of the Trade of China.
- (4) Index to Annual Reports and Returns of the Trade of China, published every five years (last in 1917).
- (5) Decennial review of the trade of China (last issue dated 1911).
- (6) Editions of the tariff, showing duties on goods the valuations of which have been fixed. There are two of these, one covering the import and the other the export tariff.
- (7) Special series, including special reports on Chinese raw materials.
- (8) Miscellaneous series (chiefly relating to aids to navigation).

Students of Chinese trade will be interested chiefly in the Annual Reports and Returns of the Trade of China, the editions of the Tariff, and a few of the special and miscellaneous series. The last-named include:

Special series:

No. 16. Chinese Jute.

No. 27. An Inquiry into the Commercial Liabilities and Assets of China in International Trade.

No. 30. Memorandum on Wild Silkworm Culture in Southeastern Manchuria.

No. 31. The Soya Bean of Manchuria.

Miscellaneous series:

No. 17. List of Chinese Medicines.

The annual reports and returns of trade are published in eight parts at irregular intervals from about May to October of every year, as follows:

Part I. Report on the Foreign Trade of China and Abstract of Statistics.

Part II. Trade by ports: Vol. I, Northern Ports; Vol. II, Central Ports; Vol. III, Yangtze Ports; Vol. IV, Southern Coast Ports; Vol. V, Frontier Ports.

Part III. Vol. I, Analysis of the Import Trade; Vol. II, Analysis of the Export Trade.

Part III consists wholly of statistics, but in the other volumes there are concise and authoritative narrative reports—in Part I for China as a whole and in Part II for each of the 48 treaty ports.

These publications are valuable, but voluminous and fairly expensive. Owing to the peculiarities of the Chinese tariff system the statistical returns are complicated and it is difficult for an inexperienced person to use them. The essential figures are incorporated in the annual reports of the American consular officers published as

Supplements to Commerce Reports, and persons seeking general or preliminary information are advised first to consult these reports.

Hongkong, through which most of the trade of southern China is now handled, is not politically a part of China and appears in the Maritime Customs statistics as a foreign territory. This has a misleading effect on the figures for that part of the country, and the situation is further complicated by the fact that the Government of Hongkong publishes no trade statistics. For information as to actual origin of the imports into southern China and the destinations of its exports it is necessary to depend either on the statistics of the countries of origin themselves, or on unofficial figures and estimates of the trade of Hongkong, of which the best are those published in the Supplements to Commerce Reports. Hongkong itself is a rocky island, which has no agriculture and in which only a few manufactured goods are produced.

PERIODICAL PUBLICATIONS ON CHINESE TRADE AND INDUSTRY.

In the absence of comprehensive official publications the current developments in Chinese trade and industry must be followed largely through periodicals. These have to be used with discretion, as much of the material needs verification; but if they are followed systematically the majority of the errors will be found to correct themselves, and the net information gained is indispensable for an up-to-date knowledge of the situation.

Very few periodicals in China can be described as trade journals, and these cover a limited field. The principal daily newspapers published in English have weekly editions, in which all items of importance are reprinted. There is usually a special commercial section. Nearly all of these papers are British owned. The sole American daily in China publishes no weekly edition and contains comparatively little commercial material. One of the two general periodicals containing the best material on commercial and industrial development is American owned and the other has devoted much attention to American interests. The following list includes all of the periodicals that would interest an American business house. The Bureau of Foreign and Domestic Commerce maintains files of these and articles on important subjects appearing since the beginning of 1917 have been indexed. The most important periodicals are to be found in many large public libraries and in the offices of trade organizations and commercial-service agencies that handle Far Eastern work.

Weekly editions of daily newspapers:

North China Herald; Shanghai. British; the best of this class for central and northern China.

Hongkong Weekly Press and Overland Trade Report; Hongkong. British; probably the best of the class for southern China.

General periodicals published in China:

Far Eastern Review; Shanghai. A monthly, specializing in commerce, industry, and finance; on the whole, the best of the class. Formerly American owned, it has recently passed into British hands, but still gives much attention to American interests.

Millard's Review of the Far East; Shanghai. A new American weekly periodical which has rapidly acquired standing.

Weekly China Advertiser; Tientsin. Owned by Japanese and published in their interests; contains valuable information on the resources and raw materials of northern China and Manchuria not accessible elsewhere.

Price and market reports:

Fortnightly Price Current and Market Report. Published by the Hongkong General Chamber of Commerce; contains market quotations, trade statistics, export freight rates, and a periodical report on the Canton silk market. Weekly Circular of the British Chamber of Commerce of Hankow. Especially for export price quotations.

Weekly Cotton Piece Goods Report; Shanghai. Published by Noel, Murray & Co.

Weekly Cotton Market Report; Shanghai. Published by J. Spunt & Co.

Fortnightly Freight and Coal Market Report; Shanghai. Published by Wheelock & Co.

Miscellaneous periodicals relating to the Orient:

Asia; New York. Monthly, published by the American Asiatic Association, largely popular and pictorial, but valuable for descriptive material and discussion of general developments.

London and China Express; London. Weekly.

London and China Telegraph; London. Weekly; this and the preceding contain miscellaneous reprinted and abstracted material; not highly authoritative, but in a convenient form.

Eastern Engineering; London. Monthly technical supplement of the London and China Express.

The last three periodicals are published at 79 Gracechurch Street, London, E. C.

BOOKS OF REFERENCE AND GENERAL INFORMATION.

Books relating to China are numerous, but the proportion containing authoritative material on trade and economic conditions is small, and most of the information out of date. As regards most of the many books of travel and general description, there is really little choice. A large proportion of the books published in recent years have been devoted mainly to political and controversial topics. The books below noted are worth examination by anyone desiring a broad knowledge of the subject from a business point of view. Comparatively few of them are kept by the ordinary bookstores in this country, and inquiries should be directed to establishments that specialize in foreign books. In many cases they will have to be ordered from China.

Among the annual publications may be mentioned:

Rosenstock's Directory of China. The only classified business directory covering the whole country; it may be purchased separately, or in one volume with a directory of Manila. Published at 4 Canton Road, Shanghai.

Directory and Chronicle of China, Japan, etc. Not classified but contains fuller information on some details than Rosenstock's Directory. Published by the Hongkong Daily Press, 10a Des Voeux Road Central, Hongkong.

China Yearbook. The most comprehensive current reference book on China. Published by E. P. Dutton & Co., New York.

China Stock and Share Handbook. Contains approximately complete data relating to companies whose shares are quoted on the Shanghai and Hongkong stock exchanges, together with miscellaneous information on financial conditions and foreign exchange. Published by North China Daily News, Shanghai.

China Mission Year Book. Of more interest to business men than the title implies; contains full reviews of commercial, industrial, and political development by competent authorities. Published by Mission Book Co., Shanghai.

Among miscellaneous books wholly or largely devoted to trade, industry, and finance, the following will be of interest and value:

New Atlas and Commercial Gazetteer of China. Just issued, and the only comprehensive work of the kind in existence. The cost is about \$75. Published by the North China Daily News, Shanghai, 1918.

- Trade and Administration of China, by H. B. Morse. The best general introduction to the subject, though not up to date in all details. Published by Kelly & Walsh, Shanghai, 1913.
- Official Guide to Eastern Asia: Vol. I, Manchuria and Korea; Vol. IV, China Proper. Published in Japanese interests by the Imperial Japanese Government Railways, 1913-1915; contains valuable data not accessible elsewhere, especially excellent series of maps.
- Handbook of Business Training, by S. S. Chow. Contains, along with some elementary matter, detailed data on the procedure of the Chinese customs (with specimens of all documents in English and Chinese) and on local exporting and importing practices, brokerage, banking, insurance, etc. Published by Commercial Press, Shanghai, 2d ed., revised, 1916.
- Handbook for China, by C. Crow. Primarily a guide book, the commercial information being brief and incidental, but useful as an introduction. Published by San Francisco News Co., San Francisco, 2d ed., revised, no date.
- Finance in China, by S. R. Wagel. A discursive book, containing useful material. Published by North China Daily News, Shanghai, 1914.
- Eastern Exchange, Currency, and Finance, by W. F. Spalding. Published by I. Pitman's Sons, London, 1917.
- The Daily Exchange Quotations, by Sir C. Addis. Published by North China Daily News, Shanghai, 1917.
- (The last two are recent and authoritative publications on the technical side of the subjects indicated.)
- The Currency Problem in China, by Wen-Pin Wei. Deals with the historical rather than the technical side, and is useful mainly in connection with the projects of reform. 1914.
- The Tariff Problem in China, by Chin Chu. Gives some details not easily accessible elsewhere and a discussion of the situation from the Chinese point of view. 1916.
- Railway Problems in China, by Mongton Chih Hsu. A readable summary, not entirely free from inaccuracies. 1915.
- (The three preceding are published by Columbia University, Longmans Green & Co., agents, New York).
- Treaty Ports in China, by En-Sai Tai. Largely a compilation, containing useful material not assembled elsewhere. Columbia University Press Bookstore, New York.
- Railway Enterprise in China, by P. H. Kent. The standard authority for the earlier history of the subject. E. Arnold, London, 1907.

The following are selected from a list of the best books on China, prepared by an American resident of many years standing and approved by competent critics, including the American commercial attaché. The material on trade and investment conditions contained in them is incidental, but the time that any business man may put into reading them will be well repaid by the broadening of his views of the general situation:

- Encyclopedia Sinica, by Samuel Couling. Kelly & Walsh, Shanghai, 1917.
- The Changing Chinese, by E. A. Ross. Century Co., New York, 1912.
- China: An Interpretation, by J. W. Bashford. Abingdon Press, New York, 1916.
- The Middle Kingdom, by S. Wells Williams. Scribner's, New York, 1907.
- Chinese Characteristics, by A. H. Smith. F. H. Revell Co., New York, 15th ed.
- Village and Town Life in China, by Y. K. Leong & L. K. Tao. G. Allen & Unwin, London, 1915.
- A Sketch of Chinese History, by F. L. Hawks-Pott. Kelly & Walsh, Shanghai, new edition, revised 1915.
- Contemporary Politics in the Far East, by S. K. Hornbeck. D. Appleton, New York, 1916.
- Farmers of Forty Centuries, by F. H. King. Macmillan, New York, 2d ed.
- Comprehensive Geography of the Chinese Empire, by L. Richard, translated and revised by M. Kennelly. Tusewei Press, Shanghai, 1908.
- Mineral Enterprise in China, by William F. Collins. Kelley & Walsh (Ltd.), Shanghai, 1917.

